



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CUMBERLAND COUNTY CLERK**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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**EXECUTIVE SUMMARY**

**AUDIT EXAMINATION OF THE  
CUMBERLAND COUNTY CLERK**

**Calendar Year 2000**

**Financial Condition:**

The Cumberland County Clerk's Office appears to be in good financial condition with no apparent problems as a going concern. Management is adequately involved with the day-to-day operations of the office. The total receipts for calendar year 2000 were \$1,166,242. Disbursements for the year were \$1,090,625 and excess fees totaled \$16,947.

**New Findings:**

The clerk changed banks for the 2000 calendar year. As of April 11, 2000, deposits exceeded FDIC coverage by \$9,940. Although the financial institution had pledged securities in the amount of \$96,688, the financial institution did not have a written agreement with the clerk until April 19, 2000.

**Debt Obligations:**

The Cumberland County Clerk is committed to a lease purchase agreement with Dolphin Capital for a copy machine. This agreement requires a monthly payment of \$134 for 36 months to be completed July 17, 2001. The total balance of the agreement was \$939 as of December 31, 2000.

**Comments and Recommendations:**

None.

**Component Units:**

None.

**Information About The Entity:**

The Cumberland County Clerk's office participates in the County Employee Retirement System.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Donna Thurman Knight, Cumberland County Judge/Executive

Honorable Betty L. Hogan, Cumberland County Clerk

Members of the Cumberland County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Cumberland County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Donna Thurman Knight, Cumberland County Judge/Executive  
Honorable Betty L. Hogan, Cumberland County Clerk  
Members of the Cumberland County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 13, 2001



CUMBERLAND COUNTY  
 BETTY L. HOGAN, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Fees For Services	\$	3,352
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Fiscal Court		7,897
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	163,417
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Usage Tax		524,613
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Tangible Personal Property Tax		357,962
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Licenses-

Fish and Game		6,652
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Marriage		2,208
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Deed Transfer Tax		11,187
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Delinquent Tax		29,705
		1,095,744

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	7,859
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Real Estate Mortgages		7,634
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Chattel Mortgages and Financing Statements		30,422
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Powers of Attorney		360
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All Other Recordings		6,194
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Charges for Other Services-

Candidate Filing Fees		480
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Copywork		2,912
		55,861

Other:

Lien Release Fees		1,786
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Interest Earned		1,602
		1,602

Gross Receipts	\$	1,166,242
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CUMBERLAND COUNTY  
 BETTY L. HOGAN, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 122,555

Usage Tax 508,874

Tangible Personal Property Tax 132,842

Licenses-

Fish and Game 6,528

Marriage 864

Delinquent Tax 5,103

Legal Process Tax 7,681

Candidate Filing Fees 60 \$ 784,507

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 23,995

Delinquent Tax 3,498

Deed Transfer Tax 10,628 38,121

Payments to Other Districts:

Tangible Personal Property Tax \$ 186,806

Delinquent Tax 12,887 199,693

Payments to Sheriff

746

Payments to County Attorney

4,561

Operating Disbursements:

Personnel Services-

Deputies Salaries \$ 49,000

Contracted Services-

Printing Tax Bills 1,425

Computer Maintenance 2,400

Materials and Supplies-

Office Supplies 2,472

CUMBERLAND COUNTY  
 BETTY L. HOGAN, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements (Continued)

Operating Disbursements :  
 (Continued)

Other Charges-

Conventions and Travel	\$	1,177	
Dues		350	
Postage		2,509	
Telephone		1,722	
Uncollected Returned Check		78	
Miscellaneous		<u>142</u>	\$ 61,275

Debt Service:

Lease Purchases	<u>1,722</u>
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Total Disbursements	<u>\$ 1,090,625</u>
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Net Receipts	\$ 75,617
Less: Statutory Maximum	<u>55,070</u>

Excess Fees	\$ 20,547
Less: Expense Allowance	<u>3,600</u>

Excess Fees Due County for Calendar Year 2000	\$ 16,947
Payments to County Treasurer - February 13, 2001	<u>15,000</u>

Balance Due at Completion of Audit	<u><u>\$ 1,947</u></u>
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The accompanying notes are an integral part of the financial statement.

CUMBERLAND COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

CUMBERLAND COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The depository institution has pledged or provided sufficient collateral, and the depository institution's board of directors or loan committee approved the pledge or provision. However, the depository institution did not have a written agreement with the County Clerk securing the Clerk's interest in the collateral.

Note 4. Lease

The office of the County Clerk is committed to a lease agreement with Dolphin Capital for a copy machine. The agreement requires a monthly payment of \$134 for 36 months to be completed on July 17, 2001. The total balance of the agreement is \$939 as of December 31, 2000.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Cumberland County Clerk for the year ended December 31, 2000, and have issued our report thereon dated June 13, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cumberland County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cumberland County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 13, 2001

